

Message Text

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FM AMEMBASSY MANILA

TO SECSTATE WASHDC PRIORITY 6545

UNCLAS SECTION 1 OF 5 MANILA 3011

USADB

PASS TREASURY FOR RON MYERS, OASIA

E.O. 11652: NA

TAGS: EAID, EFIN

SUBJ: HOUSE APPROPRIATIONS SUBCOMMITTEE QUESTIONS

REF: TREASURY 77-21

1. REFTEL REQUESTED ANSWERS FROM ADB TO CERTAIN QUESTIONS RAISED DURING HOUSE APPROPRIATION SUBCOMMITTEE HEARINGS. IN PRESENTING RESPONSES, BANK DREW ATTENTION TO ACT THAT, WHILE TECHNOLOGICAL QUESTIONS HAVE ENTERED INTO PROJECT APPRAISAL AND IMPLEMENTATION IN PAST, SPECIFIC AND QUANTITATIVE ANALYSES HAVE NOT BEEN INCLUDED IN APPRAISAL DATA (AT ANY RATE UNTIL RECENTLY WHEN ATTEMPT IN THAT DIRECTION IS BEING MADE).

2. WITH ABOVE IN MIND, FOLLOWING ARE BANK'S ANSWERS TO QUESTIONS IN PARAS. 2-8 REFTEL. (QUESTION 1 REFERS TO PARA. 2 REFTEL, QUESTION 2 REFERS TO PARA. 3, ETC.)

3. QUESTION NO. 1

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A. THE COMMITMENT AUTHORITY OF THE BANK IS GOVERNED BY (A) ARTICLE 12 (1) OF THE AGREEMENT ESTABLISHING THE ASIAN DEVELOPMENT BANK (FOOTNOTE: THE TOTAL AMOUNT OUTSTANDING OF LOANS, EQUITY INVESTMENT AND GUARANTEES MADE BY THE BANK IN ITS ORDINARY OPERATIONS SHALL NOT AT ANY TIME EXCEED THE TOTAL AMOUNT OF ITS UNIMPAIRED SUBSCRIBED CAPITAL RESERVES AND SURPLUS INCLUDED IN ITS ORDINARY

CAPITAL RESOURCES, EXCLUSIVE OF THE SPECIAL RESERVE PROVIDED FOR BY ARTICLE 17 OF THE AGREEMENT AND OTHER RESERVES NOT AVAILABLE FOR ORDINARY OPERATIONS. END FOOTNOTE) AND (B) THE SELF-IMPOSED CONSTRAINT ON THE BANK'S BORROWING CAPACITY THAT THE OUTSTANDING DEBT OF THE BANK SHOULD NOT EXCEED 75 PERCENT OF THE CALLABLE CAPITAL OF THE MEMBER COUNTRIES WITH CONVERTIBLE CURRENCIES.

B. UNDER ARTICLE 12 (1) OF THE AGREEMENT, THE COMMITMENT AUTHORITY THAT WOULD REMAIN AT THE END OF 1977 IS APPROXIMATELY \$800 MILLION, IF THE PROPOSED SECOND GENERAL CAPITAL INCREASE DOES NOT BECOME EFFECTIVE IN RESPECT OF ALL THE MEMBER COUNTRIES IN 1977. WITH ALL MEMBER COUNTRIES SUBSCRIBING BEFORE THE END OF 1977 TO THE SECOND GENERAL CAPITAL INCREASE TO THE PROPOSED EXTENT OF 135 PERCENT OF THEIR PRESENT CAPITAL SUBSCRIPTION, THE REMAINING COMMITMENT AUTHORITY AT THE END OF 1977 WOULD BE ABOUT \$5.9 BILLION.

C. UNDER THE CONSTRAINT SELF-IMPOSED ON THE BORROWING CAPACITY OF THE BANK AS PER (B) IN PARA. (A.) ABOVE THE COMMITMENT AUTHORITY LEFT WITH THE BANK AT THE END OF 1977 WOULD BE \$125 MILLION IF THE PROPOSED CAPITAL INCREASE DOES NOT BECOME EFFECTIVE IN RESPECT OF ALL THE MEMBER COUNTRIES IN 1977 AND \$2.3 BILLION IF THE CAPITAL INCREASE BECOMES EFFECTIVE.

4. QUESTION NO. 2

A. IT IS DIFFICULT TO PROVIDE ANSWERS IN THE DEGREE UNCLASSIFIED

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OF DETAIL REQUESTED SINCE, UNTIL RECENTLY, APPRAISAL REPORTS HAVE NOT DEALT SPECIFICALLY AND QUANTITATIVELY WITH THE APPLICATION, AND ENSUING RESULTS, OF SPECIFIC TECHNOLOGIES; HOWEVER, THE FOLLOWING ASPECTS AND INSTANCES MAY BE CONSIDERED ILLUSTRATIVE.

B. APPROPRIATE FARMING TECHNOLOGY

I. THE AGRICULTURAL DEVELOPMENT COMPONENT OF ANY IRRIGATION PROJECT CALLS FOR THE ADOPTION OF A PACKAGE OF PROPER FARMING TECHNIQUES SUCH AS INTENSIVE FARMING, SOME MECHANIZATION, AND INCREASED FARM INPUTS TO RAISE ANNUAL PRODUCTION PER HECTARE. TECHNOLOGY TO BE APPLIED FOR SUCH PROGRAM IS USUALLY DISCUSSED IN DETAIL DURING APPRAISAL OF PROJECT AND DETERMINED BY PAYING DUE ATTENTION TO THE PRESENT LEVEL OF FARMING TECHNIQUES.

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FM AMEMBASSY MANILA

TO SECSTATE WASHDC PRIORITY 6546

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AN ANALYSIS OF COST VS. BENEFIT TO THE FARMER OF SUCH
PROGRAM IS USUALLY ATTACHED TO THE APPRAISAL OF THE PROJECT.

LOAN NO. 225-PHI: PULANGUI RIVER IRRIGATION PROJECT

BUDGET OF TYPICAL FARM

WITH 2.25 HA. OF FARM

WITH TRADITIONAL OR WITH APPROPRIATE

EXISTING TECHNIQUES TECHNIQUES

GROSS CROP INCOME PER CROP \$ 661.42 \$ 1,312.46

VARIABLE COST FOR FARMING

PER CROP 1/ 343.08 526.36

NET CROP INCOME PER CROP 318.35 786.10

CROPPING INTENSITY 125 200

NET CROP INCOME PER YEAR 397.94 1,572.20

1/ REPRESENTS THE COST OF A PACKAGE OF INTENSIVE FARMING,
SOME MECHANIZATION AND FARM INPUT INCREASED TO A CERTAIN
DEGREE, WHICH ARE ASSESSED TO BE APPROPRIATE.

C. VILLAGE WATER SUPPLY (LOAN NO. 243-INO. TELUK LADA
AREA DEVELOPMENT PROJECT, PHASE I; PARAS. 50, 51, 52 AND
78 OF APPRAISAL REPORT)

I. IN THE PROJECT AREA, WATER FOR DOMESTIC USE IS
OBTAINED FROM DUG WELLS OR DIRECT FROM THE RIVER. THE DUG
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WELLS ARE GENERALLY SHALLOW AND ARE USED BY SEVERAL FAMILIES.
THERE IS A SEVERE SHORTAGE OF WATER SUPPLY DURING THE DRY
SEASON AND THIS WATER IS CONTAMINATED BY SURFACE FLOW

DURING THE WET SEASON. FROM 1973 TO JULY 1975, ACCORDING TO THE MINISTRY OF HEALTH, ABOUT 80 OUT OF 380 PATIENTS DIED OF GASTROINTESTINAL DISEASES INCLUDING CHOLERA.

II. TO COPE WITH THIS SITUATION, ONE-HAND PUMP PER APPROXIMATELY 100 INHABITANTS (ABOUT 20 HOUSEHOLDS) WOULD BE INSTALLED UNDER THE PROJECT. THE FOLLOWING IS THE COST ESTIMATE:

	FOREIGN EXCHANGE COST	LOCAL COST	TOTAL
INSTALLATION OF 460 UNITS OF HAND-PUMPS AND OTHER RELATED FACILITIES	\$80,000	\$230,000	\$310,000
COST OF INSTALLATION OF ONE-HAND PUMP	174	500	674
COST PER FAMILY		34	

III. ONLY THE MINIMUM INVESTMENT IS PROPOSED FROM VARIOUS ALTERNATIVES TO IMPROVE CONSIDERABLY THE RURAL HEALTH CONDITION THROUGH VILLAGE WATER SUPPLY.

5. QUESTION NO. 3

A. THE CHOICE OF TECHNOLOGY TO BE APPLIED FOR PROJECT IMPLEMENTATION, WHILE SPECIFICALLY INCORPORATED IN APPRAISAL REPORTS ONLY RELATIVELY RECENTLY IN PHRASEOLOGY PERTAINING TO APPROPRIATE TECHNOLOGY, HAS NEVERTHELESS BEEN ATTENDED TO IN PRACTICE BOTH IN PROJECT FORMULATION AND PROJECT IMPLEMENTATION. THE FOLLOWING ARE EXAMPLES DRAWN IN THIS REGARD FROM THE IRRIGATION SECTOR.

I. BANGLADESH: MEGHNA DHONAGODA IRRIGATION PROJECT
(TECHNICAL ASSISTANCE FOR FORMULATION OF PROJECT)
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THE CONSULTANT IS REQUESTED TO DEVELOP ENGINEERING DESIGNS AND LAYOUTS OF POSSIBLE PROJECT FACILITIES TAKING INTO ACCOUNT APPROPRIATE TECHNOLOGIES FOR IMPLEMENTATION. (TERMS OF REFERENCE APPENDED TO THE T.A. REPORT)

II. KOREA: IMJIN AREA DEVELOPMENT PROJECT (LOAN NO. 208-KOR): PARA. 71. HIGH PRESSURE SPRAY GUNS FOR UPLAND IRRIGATION: IRRIGATION OF THE PROJECT UPLAND AREA (1,620 HA.) WILL BE THROUGH THE USE OF HIGH PRESSURE SPRAY GUNS RATHER THAN THE CONVENTIONAL GRAVITY OR OVERHEAD SYSTEM IN THE LIGHT OF RELATIVE ECONOMY AND EFFICIENCY. ABOUT 40 SETS OF SUCH SPRAY GUNS INCLUDING ACCESSORIES SUCH AS HOSES AND PUMPS WILL BE ACQUIRED UNDER THE PROJECT. THE FARMERS WILL BE TRAINED TO USED THESE FACILITIES AND THEIR MAINTENANCE WILL BE THE RESPONSIBILITY OF THE FLIA IN THE

PROJECT AREA.

III. IMJIN AREA DEVELOPMENT PROJECT (LOAN NO. 208-KOR); PARA. 8 OF SIDE LETTER NO. 4: WITH RESPECT TO FARM MECHANIZATION, THE EXECUTING AGENCY IS REQUESTED TO CARRY OUT A SURVEY AT PILOT DEMONSTRATION FARMS AND PROPOSE FOR THE BANK'S CONSIDERATION AN APPROPRIATE FARM MECHANIZATION PROGRAM. THE PROPOSAL SHOULD INCLUDE, AFTER SURVEY AND TEST, THE SPECIFIC TYPE AND AMOUNT OF EQUIPMENT TO BE PROCURED FOR THE PROGRAM, THE ARRANGEMENTS FOR MAKING SUCH EQUIPMENT AVAILABLE TO ARMERS, AND THE ARRANGEMENTS FOR REPAIRS AND MAINTENANCE OF SUCH EQUIPMENT.

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FM AMEMBASSY MANILA
TO SECSTATE WASHDC PRIORITY 6547

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IV. NEPAL: HETAUDA CEMENT PROJECT: ONE VERY RECENT EXAMPLE IS THE HETAUDA CEMENT PROJECT, WHERE THE MISSION CONSIDERED SEVERAL TECHNOLOGICAL ALTERNATIVES FOR THE SUBPROCESS "QUARRY OPERATIONS". INVOLVING DIFFERENT DEGREES OF MECHANIZATION THE FOLLOWING TWO ALTERNATIVE SUB-PROCESSES WERE EVALUATED:

	I	II
EMPLOYMENT (PERSONS)	950	500
INVESTMENT (\$ MILLION)	2.1	2.9
CAPITAL-LABOR-RATIO (\$ PER JOB)	2,200	5,000

AFTER SEVERAL DISCUSSIONS WITH THE CONTERPART-ENGINEERS OF THE NEPAL GOVERNMENT AND FOLLOWING VARIOUS TECHNICAL AND ECONOMIC EVALUATIONS WITH THE CONSULTANTS, EVENTUALLY

A DECISION WAS TAKEN IN FAVOR OF ALTERNATIVE I, WHICH WAS THEN INTEGRATED IN THE FINAL PROJECT DESIGN.

6. QUESTIONS 4 & 5

A. THESE QUESTIONS SEEK TO ELICIT INFORMATION ON THE FUNDS QUOTE ALLOCATED UNQUOTE OR QUOTE DEVOTED UNQUOTE TO DEVELOPMENT PROJECTS OR ACTIVITIES INVOLVING LIGHT CAPITAL TECHNOLOGY.

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B. IT IS STATED IN QUESTION 4 THAT NO ESTIMATE IS INCLUDED IN THIS BANK'S REPORT ON THE SUBJECT OF QUOTE THE ESTIMATE OF FUNDS THAT HAVV BEEN ALLOCATED FOR DEVELOPMENT PROJECTS THAT ARE LIGHT CAPITAL PROJECTS UNQUOTE. IN ANSWERING THIS QUESTION, ATTENTION HAS TO BE FRAWN TO AN IMPLICATION OF PARAGRAPH 19 OF THIS BANK'S PAPER QUOTE APPROPRIATE TECHNOLOGY AND ITS APPLICATION IN THE ACTIVITIES OF THE ASIAN DEVELOPMENT BANK UNQUOTE. IT IS IN THE PROCESS OF PROJECT FORMULATION AND DESIGN THAT CONSIDERATIONS OF APPROPRIATE TECHNOLOGY (INCLUDING, WHERE RELEVANT, LIGHT CAPITAL TECHNOLOGY) CAN BE EFFECTIVELY MUSTERED. IT IS DIFFICULT TO CONCEIVE OF AN ADVANCE QUOTE ALLOCATION UNQUOTE OF FUNDS, EVEN ON A PRIORI BASIS, FOR QUOTE LIGHT CAPITAL PROJECTS UNQUOTE. AS THE BANK'S PAPER HAS POINTED OUT, IN THE PROCESSES OF PROJECT FORMULATION AND DESIGN, EFFECTIVE WATCH HAS TO BE KEPT THAT CAPITAL INTENSIVENESS IS NOT IRRATIONALLY PROMOTED. A FURTHER FACT IS THAT ADVANCE ALLOCATION, EVEN ON THE BASIS OF QUOTE ESTIMATES UNQUOTE, AS IMPLIED IN QUESTION 4, IS DIFFICULT TO MAKE SINCE THE PROJECT PIPELINE FOR ANY PARTICULAR YEAR IS SUBJECT TO CHANGES NOT ONLY IN THE NATURE OF EACH PROJECT BUT ALSO IN THE VARIETY OF PROJECTS THEMSELVES.

C. AS REGARDS QUESTION 5, THE FOREGOING PARAGRAPH WOULD SHOW THAT, FOR THE SAME REASONS, IT WOULD NOT BE POSSIBLE TO INDICATE A COMPARISON BETWEEN FUNDING FOR QUOTE LIGHT CAPITAL PROJECTS UNQUOTE LAST YEAR AND IN THE FORTHCOMING YEAR.

7. QUESTION NO. 6

A. IN THE DEVELOPMENT OF PORTS, THE BANK HAS BEEN VERY CONSCIOUS OF POSSIBLE ENVIRONMENTAL PROBLEMS WHICH CAN BE CREATED OR, ON THE OTHER HAND, REDUCED, WHEN SELECTING A SITE FOR PORT CONSTRUCTION. STAFF HAVE,

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THEREFORE, BEEN REQUIRED TO CAREFULLY CONSIDER ENVIRONMENTAL QUESTIONS WHEN PROCESSING PROJECTS. FOR INSTANCE, IN THAILAND, THE BANK HAS BEEN VERY CAREFUL IN THE CHOICE OF A SITE FOR THE DEVELOPMENT OF SONGKHLA PORT. WHILE THE NEED FOR A DEEP-SEA PORT IN SONGKHLA IS URGENT, THE CHOICE OF A POSSIBLE SITE FOR THE PORT IS VERY LIMITED, OWING TO THE EXPOSED NATURE OF THE COASTLINE. WHEN THE BANK BECAME INVOLVED IN THIS PROJECT IN 1975, IT SHARED THE CONCERN OF THE GOVERNMENT OVER THE LOCATION OF THE PORT INSIDE SONGKHLA LAKE AND CLOSE TO THE TOWN AND THE EFFECT THIS COULD HAVE ON THE ENVIRONMENT. THE FOLLOWING PROBLEMS WERE IDENTIFIED AS REQUIRING FURTHER STUDY:

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FM AMEMBASSY MANILA
TO SECSTATE WASHDC PRIORITY 6548

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(I) THE SITE RECOMMENDED FOR THE CONSTRUCTION OF SONGKHLA PORT IN A PREVIOUS FEASIBILITY STUDY IS CLOSE TO AN AREA WHICH IS BEING USED AND DEVELOPED FOR RECREATIONAL/TOURISM PURPOSES AND THERE CAN BE POSSIBLE CONFLICT BETWEEN THE TWO (PART OF THE RECREATIONAL LAND MAY HAVE TO BE USED FOR PORT PURPOSES IN THE FUTURE; NOISE, ARISING FROM USUAL PORT ACTIVITY MAY ALSO REDUCE THE ATTRACTION OF THE AREA);

(II) POSSIBLE CONGESTION TO THE TOWN'S STREETS FROM THE ADDITIONAL ROAD TRAFFIC PASSING THROUGH SONGKHLA TOWN WHICH THE PORT MAY GENERATE;

(III) ADVERSE EFFECTS THAT DEVELOPMENT OF A PORT

MAY HAVE ON THE ECOLOGICAL SYSTEM OF SONGKHLA LAKE. WITH THE DEEPENING OF THE ACCESS CHANNEL TO THE PORT, THE SALINITY OF SONGKHLA LAKE MAY BE AFFECTED AND THIS CAN POSSIBLY HARM FISHERIES IN THE LAKE UNLESS THE EXISTING PATTERN OF LAKE DISCHARGE CAN BE PRESERVED.

(IV) THE RISK OF OIL SPILLAGE FROM SHIPS WILL BE INCREASED AND MEASURES TO CONTROL AND MINIMIZE POSSIBLE OIL SPILLAGE NEED TO BE INTRODUCED.

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B. THE BANK SUBSEQUENTLY EXTENDED TECHNICAL ASSISTANCE TO THE GOVERNMENT IN 1976 WHICH WAS AIMED, AMONG OTHERS, TO EXAMINE THE ABOVE PROBLEMS AND TO SELECT AN OPTIMUM SITE FOR THE PORT. AT THE SAME TIME, THE GOVERNMENT AGREED TO COMMENCE STUDIES ON LAKE HYDRAULICS AND ECOLOGY, TO BE UNDERTAKEN BY THE ASIAN INSTITUTE OF TECHNOLOGY AND NATURAL SCIENCES FACULTY OF SONGKHLA UNIVERSITY. UPON RECEIPT OF THE PRELIMINARY REPORTS OF THESE STUDIES, THE BANK AND THE GOVERNMENT MET RECENTLY TO DISCUSS THE FINDINGS. A NEW SITE, OUTSIDE THE ENTRANCE TO SONGKHLA LAKE AND ON THE OPPOSITE SIDE OF THE LAKE FROM THE TOWN HAS BEEN UNANIMOUSLY SELECTED. THIS NEW SITE WILL NOT HAVE THE ENVIRONMENTAL PROBLEMS ASSOCIATED WITH ALL PREVIOUS SITES AND THE PROJECT IS NOW EXPECTED TO BE FURTHER PROCESSED TO THE ENGINEERING DESIGN STAGE.

C. IN ANOTHER BANK PORT PROJECT - THE PORT QASIM PROJECT IN PAKISTAN - ENVIRONMENTAL PROBLEMS ARE EXPECTED TO BE REDUCED IN KARACHI CITY WITH THE DEVELOPMENT OF PORT QASIM. KARACHI PORT IS LOCATED AT THE SOUTHERN END OF THE MOST HIGHLY URBANIZED PART OF THE CITY OF KARACHI AND INLAND TRANSPORT CONNECTIONS TO THE PORT PASS THROUGH THE CITY AND ARE HEAVILY CONGESTED AT PRESENT. WITH THE CONSTRUCTION OF PORT QASIM, BULK AND SEMI-BULK CARGO (SUCH AS IRON ORE, COAL, PHOSPHATE ROCK, CEMENT AND RICE WITH THEIR ATTENDANT POLLUTANT EFFECTS) WOULD BE DIVERTED AWAY FROM THE CITY TO THE NEW PORT. REDUCED TRAFFIC CONGESTION IN THE CITY IS EXPECTED TO BE VERY SUBSTANTIAL AS IS THE REDUCTION IN ENVIRONMENTAL POLLUTION IN KARACHI CITY. BULK AND SEMI-BULK HANDLING FACILITIES AT KARACHI PORT ARE UPWIND OF THE CITY AND DUST FROM LOADING AND DISCHARGING SUCH COMMODITIES AS WHEAT, CEMENT AND FERTILIZER (AND IRON ORE AND COAL IF HANDLED AT KARACHI PORT WITHOUT THE PROJECT) TEND TO BE SPREAD FROM THE PORT TO VARIOUS PARTS OF THE

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CITY PREVAILING WESTERLY WINDS. MOVING THESE COMMODITIES INLAND BY RAIL AND BY ROAD, THROUGH RESIDENTIAL AREAS, WOULD SPREAD POLLUTION OVER AN EVEN WIDER AREA. AS PORT QASIM IS LOCATED SOME 48 KM. (30 MILES) AWAY FROM THE CITY AND IS SITED IN A FAVORABLE WIND DIRECTION (FROM MARCH TO OCTOBER, THE PREDOMINANT WIND DIRECTION IS FROM WEST AND WEST-SOUTHWEST WHILE FOR THE REST OF THE YEAR IT IS FROM NORTHEAST), POLLUTION FROM THE HANDLING OF THESE COMMODITIES WOULD NOT AFFECT KARACHI CITY OR THE NEW TOWNSHIP BEING DEVELOPED BY THE KARACHI DEVELOPMENT AUTHORITY CLOSE TO PIPRI, ABOUT 13 KM. (8 MILES) FROM PORT QASIM. (SEE APPRAISAL REPORT PARAS. 86 AND 87 FOR A DISCUSSION ON THE ENVIRONMENTAL ASPECTS OF THE PROJECT).

8. QUESTION NO. 7

A. BANK FINANCED IRRIGATION AND AREA DEVELOPMENT PROJECTS ARE AIMED AT INCREASING DIRECT BENEFIT OF SMALL AND POOR INDIVIDUAL FARMERS IN REMOTE AREAS. THIS HAS BEEN THE BANK'S CRITERION FOR PROJECT IDENTIFICATION, FORMULATION AND EVALUATION IN THE BANK. FOR INSTANCE, THE BANK HAS APPROVED FIVE LOANS AMOUNTING TO US\$103.98 MILLION IN 1976 FOR IRRIGATION PROJECTS. THIS REPRESENTS ABOUT 13.4 PERCENT OF THE BANK'S LOANS MADE IN 1976. THE TOTAL AMOUNT OF LOANS EXTENDED TO IRRIGATION AND AREA DEVELOPMENT PROJECTS SINCE THE ESTABLISHMENT OF THE BANK IS US\$304.423 MILLION AS OF THE END OF 1976 REPRESENTING ABOUT 9.1 PERCENT OF THE TOTAL LOANS. THE FOLLOWING ARE EXAMPLES OF THE PROJECTS WHICH AIMED AT HELPING THE POOR FARMERS:

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TO SECSTATE WASHDC PRIORITY 6549

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(I) LOAN NO. 243-INO. TELUK LADA AREA DEVELOPMENT PROJECT (APPROVED IN 1975): THE AVERAGE FARM SIZE IN THE PROJECT AREA IS ABOUT 0.8 HA. HOWEVER, SMALLER FARMS OF ONLY 0.4 - 0.6 HA. ARE COMMON. THE TOTAL POPULATION OF THE PROJECT AREA IS ABOUT 46,000 IN ABOUT 9,400 HOUSEHOLDS, OR AN AVERAGE OF ABOUT 5 PERSONS PER HOUSEHOLD. AN AVERAGE FARM HOUSEHOLD INCOME (FOR FIVE PERSONS) IN THE PROJECT AREA IS ESTIMATED AT RP. 71,500 PER YEAR OR RP. 14,300 PER PERSON PER YEAR FROM CROP PRODUCTION WHICH IS ABOUT 22 PERCENT OF THE PER CAPITA NATIONAL INCOME OF RP. 64,000 IN 1974. WITH PROJECT, THE FARMERS' NET INCOME IS EXPECTED TO BE ALMOST QUADRUPLD. (SEE APPENDIX 13 OF THE APPRAISAL REPORT).

(II) SEDAWGYI MULTI-PURPOSE PROJECT (APPROVED IN 1976): THE TOTAL POPULATION OF THE PROJECT AREA IS ABOUT 200,000 IN ABOUT 33,000 HOUSEHOLDS, AVERAGE OF ABOUT 6 PERSONS PER FAMILY. THE SIZE OF FARM LAND IS CLASSIFIED AS BELOW:

SIZE OF FARM LAND
(AVERAGE FARM SIZE IS 1.1 HA.)

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FARMER (PERCENT)	AREA (PERCENT)
-----	-----
NO LAND (THEIR LIVING WHOLLY DEPENDS UPON FARM LABOR.)	25
LESS THAN 1 HA.	15)
1 - 2 HA.	27) - 30
2 - 4 HA.	27)
4 HA. AND ABOVE	6) - 70

PRESENT INCOME OF A FARM FAMILY HAVING A FARM OF 1 HA. IS ESTIMATED AT K1,060 PER YEAR OR K177 PER PERSON PER YEAR (OR ABOUT US\$27) AGAINST US\$90 OF PER CAPITA GDP IN 1974. THE FARMER'S INCOME IS EXPECTED TO BE MORE THAN DOUBLED WITH THE PROJECT (SEE APPENDIX 29 OF THE APPRAISAL REPORT).

(III) LOAN NO. 238-MAL; JERANGAU-JABOR ROAD

PROJECT (MALAYSI OL \$23.7 MILLION; APPROVED IN NOVEMBER 1975; THIS PROJECT AIMS TO PROVIDE ACCESS TO THE EXISTING RURAL COMMUNITIES (ESTIMATED POPULATION 39,000) AND TO SETTLE ANOTHER 62,000 PERSONS IN RURAL -URBAN COMMUNITIES BY 1995. THE NEW SETTLERS WILL BE ESTATE WORKERS, OWNER-PROPRIETORS AND WORKERS IN NON-AGRICULTURAL OCCUPATIONS; AND PRIMARILY WILL BE RECRUITED FROM THE POORER SECTION OF THE POPULATION IN THE TRENGGANU STATE. IT IS ESTIMATED THAT ALMOST ALL OF THE HOUSEHOLDS IN THE AREA IN 1995 WILL HAVE INCOME EXCEEDING THE CURRENTLY DESIGNATED POVERTY LEVEL OF ABOUT \$US120 PER ANNUM. IT IS ESTIMATED THAT MORE THAN 60 PERCENT OF THE HOUSEHOLDS ULTIMATELY TO BE BENEFITTED FROM THE PROJECT ARE IN THE QUOTE POVERTY UNQUOTE GROUP. BASED ON THIS ASSUMPTION, IT IS ESTIMATED THAT AT LEAST 60,000 PERSONS WILL HAVE AN ANNUAL PER CAPITA

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INCOME OF ABOUT US\$200-250 EQUIVALENT AS AGAINST THEIR CURRENT INCOME OF LEVEL OF ABOUT US\$100 OR LESS.

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Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 2951902
Secure: OPEN
Status: NATIVE
Subject: HOUSE APPROPRIATIONS SUBCOMMITTEE QUESTIONS
TAGS: EAID, EFIN, RP, ADB
To: STATE
Type: TE
vdkgvwkey: odbc://SAS/SAS.dbo.SAS_Docs/e70228ad-c288-dd11-92da-001cc4696bcc
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